FOR MYSORE STATE

M

Development (1952) Department.

MS SERIES.

G.O. No. 3755

Dated 28-8-52.

[Despatch Abstract.]

Industries – Iron and Steel – Setting up of 2 new Steel Foundries in the country by the Govt of India – constitution of a Corporation for recommending suitable site – Examination of Papers recorded.

Development Department
Letter No.3531, P.&.D. III/47-8, dated 5th May 1948.

From
Sri J.M. Lobo Prabhu, I.C.S.,
Secretary to Government.

To
The Secretary to the Government of India,
Ministry of Industry and Supply,
New Delhi.

Sir,

Sub: Iron and Steel -Starting of new plants.

Ref: Correspondence resting with your letter No.I(I)-10194/47, dated 8th January 1948.

As the Government of India are already aware, the Government of Madras have been actively examining the possibilities of starting an iron and steel industry in South India. Although the Panel set up by the Government of India to consider the possibilities of developing the iron and steel industry in India was of the opinion that except Bihar and West Bengal, there was no part in India where a major iron and steel work xx can be established and brought into operation this Government considered that this Province had almost inexhaustible reserves of good grade iron ore and afforded all the other facilities required for starting an iron and steel industry in South India. So they decided to proceed with their own plans for a factory for iron and steel manufacture utilising the ores available in this Province. This decision was also communicated to the Government of India in this Government's letter No.14693 Public (P.&.D.III)/45-20, dated 25th January 1947. (copy enclosed).

2. Subsequent to this letter, this Government have also sent a memorandum explaining the possibilities for the establishment of an iron and steel plant in this Province based on the Salem Iron Ores. More recently,the Government of Madras understand that the Geological Department have completed their investigation of the iron ore deposits in the Sandur State which has since been merged with the Bellary District of this Province. The Geological Survey Department estimate the available reserves of iron ore at about 130 million tons to a depth of 101, The actual deposit may be even more. It is also quite possible that similar seams may be located in the vicinity within the limits of the present Bellary District. From the analysis made the Sandur iron ores are low in phosphorus and sulphur content and is said to contain even upto 68 per cent of iron. The Chief ore is hematite and is usually hard and massued. This State has also large reserves of managese ores which are well suited for the manufacture of ferro-manganese for which there is great demand in the Iron and Steel Industry. So far as this area is concerned, even though coal is not available in the vicinity, it can be brought to the place either from the Singareni coal fields or through the Marmagoa port. Electric power can be got either from the Jog falls of Mysore or the Thungabhadra dam when it is completed. Even from a strategic point of view the location of the unit in this area is highly desirable. Reserves in Salem, Sandur and Kurnool districts will provide the necessary raw material for a major steel producing unit in South India. The following is the estimated reserves of iron ore in this Province:-

Salem area.	...	304,650,000 tons.
Sandur State(Bellary District)		130,000,000 tons.
Kurnool District.	...	8,704,000 tons.

3. In their letter No.10-JS(II)L/47, dated 18th April 1947, the Government of India stated that they have decided to take immediate steps to set up two new major steel producing units each of 500,000 inget tons capacity, each capable of being doubled, and that as a first step it was proposed to obtain expert technical advice either from the U.S.A. or the U.K. on the location, design and construction of the Plants. Now that the American Steel Consultants of Messrs. Koppers and Company, Inc., U.S.A. are now in India, the Government of Madras are anxious that the case of Madras should also be considered by them.

4. In view, therefore, of the favourable conditions prevailing in this Province for the establishment of a major steel producing unit and in view of the importance of the industry to South India, the Government of Madras would not strongly urge on the Government of India that one of the new steel plants contemplated by the Government of India should be established in South India utilising the locally available ores. I am therefore directed to request that the above facts may be taken into consideration and one of the two new steel plants may be located in this Province.

Yours faithfully,

Sd. J.M. Lobo Prabhu,
Secretary to Government.

/ True Copy /

Superintendent.

Mksarojini.1/12.

Read by K. Ramaswamy
3/12/53.
Examined by A.C. Sadasivam
3.XII.53.

GOVERNMENT OF MADRAS
DEVELOPMENT DEPARTMENT
*****

D.O. No.3531, P & D.III/48-9,dated 11-9-48.

My dear Venkataraman,

This is just to confirm our discussions on the 8th when we went over the more important arguments in favour of establishing a steel factory in the South. Apart from strategic considerations and the existence of very large deposits of magnetitie in Salem, the recent merger of the Sandur State with Madras Province has made a good deal of difference to thepossibility of setting up a steel plant in the South. As you know, the ~~xx~~ rough geological survey of the area has estimated the existence in Sandur of about 130 million tons of haematite width, on the average, over 65% iron content. The reserves are probably larger, particularly if we include the haematite occurring in Kurnool distetict, which may be of the order of 4 million tons, with over 56 % iron content. These are readily workable and I have had it on excellent authority from the Belgium Mining Syndicate, working the manganese ores of Sandur, that these are probably the best haematite found anywhere in the world and that they could be used straightaway for pig iron manufacture. Taking into account the Sandur ores only and providing for half a million tons of steel a year, there is sufficient ore available for at least 200 years. A half a million ton steel plant would mean the manufacture of about 2,000 tons of pig iron a day from which about 100,000 tons could be set apart annually for foundries. As you are are aware, the only objection to the steel plant in the South is that there is no known deposit of coal in the neighbourhood. But most of the American steel producers have leads of over 1,000 miles for iron ore and four or five hundred miles for coal, and transport is generally arranged by water. If Brazilian ores can be taken toAmerica for pig iron manufacture and Norwegian ores to England, the transport of coal alone over short distances in India ought not be a serious handicap to the establishment of a steel industry here. We could arrange for the location of the factory in a suitable site with necessary facilities for rail or river transport from Madras where sufficient port facilities are available for transhipment. of coal.

In this connection I may point out that the Godavari, Krishna and the Buckingham canals are already linked together. The Kurnool-Cuddapah canal which takes off from the right bank of the Tungabhadra river, at a point in the KurnoolDistrict and passes through Kurnool and Cuddapah districts can be easily extended further down to link it up with the Buckingham Canal at Nellore via Penner river. It will therefore be seen that the inland waterways on the East coast of the Madras Province provide all facilities for the easy and cheap transport of coal from Madras or from Singareni to the factory site.

....2

Should it be necessary, it ought to be possible to buy out sea transport for coal from Calcutta to Madras or arrange for a subsidiary concern under the main steel industry to handle the coal transport. With all these facilities and in view of the availability of large quantities of water and power near Sandur, I am sure you would agree that a half-a million ton steel plant should be allocated to the South. We are therefore awaiting the decision of the Government of India with great intrest.

Mr. Martin told me that he would like to visit Sandur towards the end of this month or early in October. We would be very happy to make all arrangements for his visit and I shall certainly be delighted to take him round and show him the places.

I am arranging for a trip for Mc Kee's people to visit the site and hope that they would confirm the possibility of establishing a factory in this area.

We have not made up our mind whether this factory should be a completely Govern ent-owned concern or whether private agencies should be allowed to manage it. These details can obviously be worked out only after a decision is taken to establish the factory in the South.

Yours sincerely,

Sd. (J.M. Lobo Prabhu)

/True Copy/.

Mksarojini.1/12.

Superintendent.

NO.I.(I)-10(1)
Government of India.
Ministry of Industry & Supply,
New Delhi, the 6th October, 1948.

To

The Secretary to the Government of Madras,
Development Department,
Fort St.George, Madras.

Sub: NEW STEEL WORKS:

Sir,

I am directed to refer to the correspondence ending with your letter No.3531 P & D.III/47-48, dated the 5th August, 1948 and to say that the question of location will be taken up only after the three consulting Engineers have submitted their reports to the Government of India. These reports are expected tobe ready by the end of January 1949.

Yours faithfully,

(C.R. NATESAN)
Under Secretary to the Government of India.

Dev, (P & D III) Dept.

Submitted for perusal Govt of India's report may be awaited till 1-2-49.

xxxx
16-10-52.

ARTHUR G.McKEE & COMPANY

Engineers & Contractors.
2300 Chester Avenue
Cleveland, Ohio.

New York Office,
30 Rockfellor Plaza.

Cable address
"MACCO-CLEVELAND"

Calcutta
25th October, 1948.

Mr. K.G. Menon,
Joint Secretary to the Government of Madras,
Development Department, Madras.

Dear Sir,

Referring to the proposed new steel plants for the Government of India and particularly of the ability of Arthur G.Mckee & Coo. to serve as consulting engineerws for work of this magnitude, I am sending you a copy of a Brochure giving data regarding McKee's activities throughout the world. I trust that you will get a

....6.

picture of our qualifications and that this data will prove of interest to you, I am,

Respectfully Yours,

ARTHUR G. McKEE & CO

(J.H. Bode)

Dear Mr.Menon.- The enclosed came after the Bodie's departure. had hoped to get to Madras but the time allowed for my visit was too brief. I wish to thank you for your enclosures to our engineers and help to meet you in the future.

ncerely yours

xxxxx

Letter No.123598 P & D III/48-1,dated 25-11-48:

From
Sri J.M. Lobo Prabhu, I.C.S.,
Secretary to Government.

To
J.H. Bode, Esq.,
Representative of Messrs. Arthur G.McKee & Co.,
Engineers & Contractors, and Steel consultants to the G. of I.,
(campt)Calcutta.

Sir,

Sub: Industries - Iron and steel - Setting up of new steel works:

Ref: Your letter No Nil, d/25-10-48:

-oOo-

I am directed to acknowledge with thanks, the receipt of the letter cited and its enclosure.

Yours faithfully,

Sd. xxx
For Secretary to Government.

LETTER No.3531. P & D III/47-10, dated 29-11-48.

From

Sri J.M. Lobo Prabhu, I.C.S.
Secretary to Government.

To

The Secretary to the Government of India
Ministry of Industry and Supply,
NEW DELHI.

Sir,

Sub: Industries - Iron and Steel - Setting up of new steel works:

Ref: 1. Madras Government's Letter No.3531 P & D III/47-9, dated 11-9-1948:

2.Madras Government's D.O.No.3531 P & D III/47-9, dated 11-9-1948:

-oOo-

I am directed to ivite attention attention to the letters cited and to state that this Government have had opportunities to discuss the question of setting up a steel plant in this Province with all the Steel Consultants to the Government of India. The necessary date required by them have also been supplied. It is presumed that the Steel Consultants would be discussing this subject with the Government of India at an early date. I am directed to urge once again the need to locate one of the plants in this Province. I am also to enquire at what stage the matter stands at present and when the decision of the Government may be expected to be communicated to this Government and in this connection, I am to point out that the Government of Madras were surprised to find that the British Experts had been given details only to the Salem deposits of iron ore and of very earliest proposals for nothing a plant at Salem in the model of Bhaswathi. In view of the mayor of Sandur with this Province, it is now proposed to exploit the haematite there (65% of iron control) with coal brought from Calcutta and Singaneri. This Govt. also ordered investigation of reported coal depsoits in West Godavari.

Y.F.

Sd. xx xx
For Secretary to Government.

No.I(1)-10(1)/I-V
Government of India,
Ministry of Industry and Supply.

...

New Delhi, dated the 23rd December,1948:

To

The Secretary to the Government of Madras,
Development Department,
Fort St.George.

Subject: New Steel Works.

Sir,

Sir,

I am directed to refer to your letter No.3531 P and D III/47-10 dated 28th November, 1948 and to say that relevant extracts from Mr.Menon's D.O.No:3531 P & D III/47-9 dated 11th September, 1948 were passed on to the three consultants of the Government of India for the New Steel Works. It is probable that Mr.Bengtson of the International Construction Co. of London had left Calcutta on tour before the extracts reached him.

2. I am to add that the preliminary technical reports of the Steel Consultants are expected by the end of January 1949.

Yours faithfully,

(C.R.Natesan)
Under Secy.to the Govt.of India.

/True Copy/

Mksarojini.1/12.

SUPERINTENDENT.

Read by

Examined by [illegible] Lalakh.
3.12.48

Asstt
Superintendent

/NOTE FILE/

Government ofMadras
Development Department.
*****

(Issued as Letter No.3531 Pub(P & D.III)47-4, dated 22-5-47)

The Government of India set up a Panel to consider the possibilites of Developing the Iron and Steel Industry in India. While examining the question of location of major iron and steel works in India, the Panel was of the opinion that excpt Bihar and Western Bengal there was no part in India, where a major iron and steel work can be built and brought into operation within the post war period. It was of the opinion that the establishment of major iron and steel works in Madras Province based on the iron ore deposits of Salem and Kurnool Districts would not be an economic proposition inview of the low iron content of the ore found in the Pre-Province and the cost of transhipment of coking coal.

2. While examining this report of the Panel, this Government considered that the recommendations of the Panel as far as this Province was concerned was not wholly correct and that it should be possible with the available raw materials in the Provinc to set up at least one factory for the production of iron and steel. So this Government pressed on the Government of India the need for the establishment of a factory in this Province for the iron and steel manufacture. But in the final report of the Panel, there was no indication that Madras has been allotted a factory. So the Government of India were informed in January 1948 that this Government c nnot accept the recommendations of the Panel and that this Govern ent have decided to establsh their own factory for the manufacture of iron and steel.

3. The Government of India in a communicated , dated 18-4-47 stated that, as result of consideration of the two questions arising out of the Panel's report, anmely the question of production tagget and the agency through whic the target to be achieved, immediate steps should have to be taken to set up two new major scheme producing units each of 500,000 inget tons capacity, each capable of being doubled. They have also decided that the two works and operated by a Cepreration owned by Central Government and as many provincial Government and as are agreeable to participate. To advise on the constitutic of the Cesperation, the Government of India have proposed to set up a Committee with the Hon'ble Member, Industries and Supplies Department as Chairman and the representatives of the Steel Industries and representatives of the Provincial Governments as its members.

4. This Government nominated nominated Mr.K.G.Menon as the Provincial representative to the proposed Committee. The Government of India did not however constitute the Committee immediately but stated in a communicatien dated 8-1-1948 that, as a first step to implement the decision of the Government of India to set up two major units, it was proposed to obtain expert technical advice either from the U.S.A. or the U.K. on the location, design and construction of the plants. The American Steel Consultants employed by the Government of India have arrived in India and are examining the possibilities

...2

of the starting of new steel plants in India. As already pointed out this Province possesses all the facilities necessary for the starting of merger of the Sandur State with the Bellary district, the iron ore deposits in Sandur can also be utilized in the contemplated plant in South India. The available reserves of iron ore in Sandur are estimated to be of the order of about 130 million tons and the deposits are of good quality. Although, according to the Geological report, Sandur does not provide necessary facilities for the starting of even a small scale iron industry owing to the lack of fuel, water, proper communication and other auxiliary materials like fluxes (limestone), chromite and other refractories, the ore can profitably be utilised in the iron and steel factory proposed to be started in South India utilisizing the large reserves of Salem iron ores. As the Steel Consultants are already in India investigating the possibilities of the setting up of a new plants, this Government may press on the Govern ent of India the desirability of having one of the two new plants to be set in South India. Subject to orders a draft letter to India is put up.

Draft may issue

xxx
5-8-48

xxx
5-8-48

H.M. (Ind)

Issued as Lr.3531, P & D III/ -8. d/5-8-48 to the G.of I.

Dev.(P&D III)Dept.

Sub: Industries - Iron and Steel - Setting up of new steel works:

Ref: From Messrs.Arthur G.Mckee & Co., of Ohio, U.S.A.(Camp) Calcutta, dated 25-10-48:

Extract of Joint Secretary's orders on p.1. c.f.:-

A | Acknowledge.

B | Ask Mr.S.A.Venkataraman what is happening to our Steel Plant.

K.G.M.
19-11-48:

'A' above:

A draft letter acknowledging the Brochure is put up.

'B' above:

In reply to this Govern ent's request that one of the new steel plants should be set up in this Province, the Govt. of India have stated in a communication dated 6-10-48 that the question of the location of the new steel plants will be taken up only after the three Consulting Engineers have submitted their reports to the Government of India expect the reports to be ready by the end of January 1949. In the circumstances, it is for consideration whether Mr.Venkataraman should now be asked about this. For orders.

one of the three consulting Engineers appointed by India have yet to visit this Province and the Govt of India

xxx
24-11-48. A | Yes, we must keep on quoting G. of I.

xxx 25-11-48.

Issued as Lr.No.123598 P & D III/48-1, d/25-11-48.

With reference to orders at A above, a draft letter to India is put up.

xxxx
27-11-48.

xxxxx
29-11-48.

Issued as Lr.No.3531 P &D III/45-10,d/29-11-48.
From the G.of I., Ministry of Industry and Supply,
No.I (1)-10(1)/I-V, D/23-12-48:

This file has so far been linked with File 2278 P & D III which has since been closed as G.O.Ms.3676 Dev. Dept. d/21-8-52 [illegible].

The file deals with the proposal of India to constitute a corporation to decide on the location of new steel works in the country. The G. of I. subsequently decided that the constitution of a corporation was not very [illegible] in view of the appointment of three foreign steel consultants to survey and recommend the suitable sites. The G. of I, in response to the recommendation made by the consultants, decided to set up the factories in Orissa and M.P. The Govt. are separately considering the question of setting up an iron and steel plant in Madras State. Ther is therefore no further action pending in this file. The papers may be recorded.

G.O.Ms.No.3755, dated 28-8-52.

Industries - Iron & Steel - Setting of two new steel works in the country by the Government of India - Constitution of the Corporation for recommending suitable sites - Exam of - Papers recorded.

/True Copy/

SUPERINTENDENT.

Mksarojini12/12.

Read by. K. Ramakrishnan 3/12/53
Examined by A.C. Sivalakshmi
3.XII.53.